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REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

Report of the Fifth Committee

Rapporteur: Mr. Ihor V. HUMENNY (Ukraine)

I. INTRODUCTION

1. The previous recommendations made by the Fifth Committee to the General Assembly under agenda item 112 appear in the reports of the Committee contained in documents A/51/751 and A/51/752.

2. The Fifth Committee resumed its consideration of the item at its 57th to 60th, 63rd, 65th, 66th and 70th meetings, on 13, 15, 16, 20, 23, 29 and 30 May and 6 June 1997. Statements and observations made in the course of the Committee's consideration of the item are reflected in the relevant summary records (A/C.5/51/SR.57-60, 63, 65, 66 and 70).

3. For its consideration of the item, the Committee had before it the following documents:

Reports of the Office of Internal Oversight Services

(a) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the investigation of the alleged misappropriation of United Nations assets at the United Nations Gift Centre (A/50/1004);

(b) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the management audit of electronic mail at the United Nations Secretariat (A/50/1005);

(c) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the management audit of United Nations global cargo and motor vehicle insurance programmes (A/51/302);

(d) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the investigation into the United Nations access control system (A/51/467);

(e) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the investigation into the seminars of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples (A/51/486);

(f) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the audit of Headquarters catering operations (A/51/802);

(g) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the review of outsourcing practices at the United Nations (A/51/804);

(h) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the review of the United Nations Environment Programme and the administrative practices of its secretariat, including the United Nations Office at Nairobi (A/51/810);

(i) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the review of the programme and administrative practices of the United Nations Centre for Human Settlements (Habitat) (A/51/884);

(j) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the audit of the United Nations Postal Administration (A/51/897);

Procurement reform

(k) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the audit of procurement handled by the Contracts and Procurement Services of the Department for Development Support and Management Services (A/50/945);

(l) Financial report and audited financial statements for the biennium ended 31 December 1995 and report of the Board of Auditors;[1]

(m) Fourth report of the Advisory Committee on Administrative and Budgetary Questions (A/51/7/Add.3);

(n) Note by the Secretary-General transmitting the concise summary of principal findings, conclusions and recommendations contained in the reports of the Board of Auditors (A/51/283);

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[1] Official Records of the General Assembly, Fifty-first Session, Supplement No. 5 (A/51/5), vol. I.

(o) Report of the Secretary-General on the implementation of the recommendations of the Board of Auditors (A/51/488 and Add.1 and 2);

(p) Report of the Advisory Committee on Administrative and Budgetary Questions concerning the reports of the Board of Auditors (A/51/533);

(q) Report of the Secretary-General on progress in the implementation of procurement reform in the United Nations Secretariat (A/C.5/49/67);

(r) Report of the Secretary-General on the implementation of procurement reform in the United Nations Secretariat (A/C.5/50/13/Rev.1);

(s) Report of the Secretary-General on procurement reform in the United Nations Secretariat (A/C.5/51/9);

Strengthening of external oversight mechanisms

(t) Report of the Secretary-General (A/49/633);

(u) Note by the Secretary-General transmitting the comments of the Board of Auditors on the term of office of members of the Board of Auditors (A/49/368 and Corr.1);

(v) Note by the Secretary-General transmitting updated views of the Joint Inspection Unit on strengthening external oversight mechanisms (A/51/674);

(w) Note by the Secretary-General transmitting the views of the Board of Auditors on improving oversight functions (A/49/471 and Corr.1);

Management in the United Nations system

(x) Report of the Secretary-General on jurisdictional and procedural mechanisms for the proper management of the resources and funds of the United Nations (A/49/98 and Corr.1 and Add.1 and 2);

(y) Report of the Ad Hoc Intergovernmental Working Group of Experts established pursuant to General Assembly resolution 48/218 A on jurisdictional and procedural mechanisms for the proper management of the resources and funds of the United Nations (A/49/418);

(z) Notes by the Secretary-General transmitting the report of the Joint Inspection Unit entitled "United Nations system common premises and services in the field" (A/49/629) and the comments of the Administrative Committee on Coordination thereon (A/51/124-E/1996/44);

(aa) Notes by the Secretary-General transmitting the report of the Joint Inspection Unit entitled "Accountability, management improvement and oversight in the United Nations system" (A/50/503 and Add.1 and the comments of the Administrative Committee on Coordination thereon (A/51/522);

(bb) Notes by the Secretary-General transmitting the report of the Joint Inspection Unit entitled "Management in the United Nations: work in progress" (A/50/507) and the comments of the Secretary-General thereon (A/50/507/Add.1);

(cc) Note by the Secretary-General transmitting the work programme of the Joint Inspection Unit for 1996-1997, the indicative list for 1997-1998 and beyond and the internal roster (A/51/559 and Corr.1);

(dd) Notes by the Secretary-General transmitting the report of the Joint Inspection Unit entitled "Common services at United Nations Headquarters" (A/51/686) and the comments of the Secretary-General thereon (A/51/686/Add.1);

Gratis personnel

(ee) Report of the Secretary-General on gratis personnel provided by Governments and other entities (A/51/688 and Corr.1 and Add.1-3);

(ff) Report of the Advisory Committee on Administrative and Budgetary Questions on gratis personnel provided by Governments and other entities (A/51/813).

II. CONSIDERATION OF PROPOSALS

A. Draft resolution A/C.5/51/L.70

4. At the 70th meeting, on 6 June, the Vice-Chairman introduced a draft resolution entitled "Procurement reform" (A/C.5/51/L.70), submitted on the basis of informal consultations, and orally revised it by replacing operative paragraph 11, which had read:

> "[11. Decides, as an incentive measure aimed at improving the financial basis of the Organization, to introduce in the procurement system of the Organization the provision that, among equally qualified vendors, preference should be given in the award of contracts for the procurement of goods and services to vendors from Member States current with their assessed contributions, as well as vendors from member States unable to pay their assessed contributions promptly and in full for reasons beyond their control in the context of Article 19 of the Charter of the United Nations and from Member States which are net creditors to the Organization]",

with the following text:

> "11. Notes also that a proposal is under consideration to introduce in the United Nations procurement system an incentive regarding equally qualified vendors from Member States."

5. At the same meeting, the Committee adopted draft resolution A/C.5/51/L.70, as orally revised, without a vote (see para. 10).

B. Draft decision A/C.5/51/L.72

6. At the 70th meeting, on 6 June, the representative of the Philippines introduced a draft decision entitled "Reports of the Office of Internal Oversight Services" (A/C.5/51/L.72), submitted by the Chairman on the basis of informal consultations.

7. At the same meeting, the Committee adopted draft decision A/C.5/51/L.72 without a vote (see para. 11, draft decision I).

C. Draft decision A/C.5/51/L.75

8. At the 70th meeting, on 6 June, the Vice-Chairman introduced a draft decision entitled "Management in the United Nations" (A/C.5/51/L.75), submitted on the basis of informal consultations.

9. At the same meeting, the Committee adopted draft decision A/C.5/51/L.75 without a vote (see para. 11, draft decision II).

III. RECOMMENDATIONS OF THE FIFTH COMMITTEE

10. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

Procurement reform

The General Assembly,

Recalling its resolution 49/216 C of 23 December 1994 and its decision 50/479 of 11 April 1996, as well as its previous relevant resolutions,

Having considered the reports of the Secretary-General on procurement reform[2] and the related reports of the Advisory Committee on Administrative and Budgetary Questions,[3]

Having also considered the reports of the Office of Internal Oversight Services on procurement for the period from 1 July 1995 to 30 June 1996,[4] on the audit of procurement handled by the Contracts and Procurement Service of the Department for Development Support and Management Services of the Secretariat,[5]

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[2] A/C.5/49/67, A/C.5/50/13/Rev.1 and A/C.5/51/9.

[3] A/50/7/Add.13 and A/51/7/Add.3.

[4] A/51/432, annex, sect. II.C.

[5] A/50/945, annex.

on the investigation of the alleged misappropriation of United Nations assets at the United Nations Gift Centre[6] and on the audit of Headquarters catering operations,[7]

Having further considered the concise summary of the principal findings, conclusions and recommendations of the Board of Auditors,[8] especially paragraphs 20 to 36 thereof, as regards procurement, in conjunction with comments on the subject contained in the report of the Advisory Committee on Administrative and Budgetary Questions[9] and the measures proposed by the Secretary-General to implement the recommendations of the Board of Auditors concerning procurement,[10]

Noting the progress made in the efforts to prepare a new Procurement Manual,

Noting with concern the continuing weaknesses and deficiencies in the area of procurement,

Emphasizing the importance of establishing a supplier roster on as wide a geographical basis as possible,

Noting the observation of the Advisory Committee on Administrative and Budgetary Questions in paragraph 20 of its report,[11]

1. Takes note of the reports of the Secretary-General on procurement reform[2] and the reported actions already taken or in progress to implement the reform measures;

2. Regrets that more progress has not been made, in particular, in improving the procedures and the cost-effectiveness of the procurement process and in broadening the representativeness of the supplier base;

3. Welcomes the review by the Board of Auditors of the recommendations previously made by the General Assembly in its resolution 49/216 C on measures to improve the procurement process;

4. Takes note of the observations and recommendations contained in the reports of the Advisory Committee on Administrative and Budgetary Questions,[3]

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[6] A/50/1004.

[7] A/51/802, annex.

[8] A/51/283, annex.

[9] A/51/533, paras. 20-21, 34-36 and 52-60.

[10] A/51/488, paras. 15-19, and A/51/488/Add.1, paras. 4-7, 14-21 and 26.

[11] A/51/7/Add.3.

and endorses in particular the recommendation that procurement reform should be given the highest priority in the United Nations and its funds and programmes;

5. Requests the Secretary-General to expedite efforts to develop a single format for the provision of data and a common reporting system for procurement undertaken in the field and at Headquarters under the responsibility of the Secretary-General, in order to produce a complete set of statistics to be included in future reports on procurement to the General Assembly;

6. Expresses concern that over the last two years eight procurement-related arbitration claims have been instituted against the United Nations, totalling more than 90 million United States dollars, and requests the Secretary-General to submit to the General Assembly at its fifty-second session a comprehensive report on procurement-related arbitration cases, taking into account the obligations of the United Nations under the Arbitration Rules of the United Nations Commission on International Trade Law;[12]

7. Requests the Secretary-General to include in future reports on procurement also information on arbitration cases and the related costs;

8. Decides to revert to the question of the structure of the Procurement and Transportation Division of the Secretariat and the request of the Secretary-General that the Division be headed by a Director at the D-2 level during its consideration of the programme budget for the biennium 1998-1999;

9. Requests the Secretary-General to fill the vacant posts relating to procurement as soon as possible;

10. Notes that there are officers on loan in the Procurement and Transportation Division, and decides to revert to this question during its consideration of the report of the Secretary-General on gratis personnel;

11. Notes also that a proposal is under consideration to introduce in the United Nations procurement system an incentive regarding equally qualified vendors from Member States;

12. Welcomes the efforts made to improve coordination with the United Nations procurement system, and encourages the further strengthening of such coordination;

13. Requests the Secretary-General to take further steps to improve the availability and timeliness, including through electronic access, of information relating to current and forthcoming procurement opportunities;

14. Welcomes the electronic announcement of United Nations contract awards through Procurement Update, issued by the Inter-Agency Procurement Services Office on the Internet, and encourages the Secretary-General to make further use of this medium;

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[12] United Nations publication, Sales No. E.77.V.6.

15. Requests the Secretary-general to report through the Advisory Committee on Administrative and Budgetary Questions to the General Assembly at its fifty-second session on the establishment of a standard procedure for the preparation of performance evaluation reports on vendors, in particular those with major contracts;

16. Expresses its concern about the insufficient use of expertise in procurement planning in eight peacekeeping missions, including the United Nations Protection Force and the United Nations Operation in Somalia, which led to payments for aircraft services not utilized, assessed at 2.4 million United States dollars in the United Nations Angola Verification Mission and 0.4 million dollars in the United Nations Observer Mission in Liberia;

17. Regrets that, owing to deficiencies in procurement planning and failure to indicate specifications clearly, the Office of the United Nations High Commissioner for Refugees suffered a financial loss of about 3 million dollars;

18. Requests the Secretary-General to entrust the Office of Internal Oversight Services with the investigation of the situation mentioned in paragraphs 16 and 17 of the present resolution and to report thereon through the Advisory Committee on Administrative and Budgetary Questions to the General Assembly at its fifty-second session;

19. Endorses the concern of the Advisory Committee on Administrative and Budgetary Questions about the use of suppliers recommended by requisitioners, notes that this practice undermines the principle of segregation of responsibilities between requesting and procurement entities, and requests the Secretary-General to discontinue that practice;

20. Requests the Secretary-General to ensure that in no case will a consultant who has been engaged to prepare specifications and to assist in technical evaluation be allowed to recommend vendors for invitations to bid;

21. Also requests the Secretary-General to redouble his efforts to streamline all aspects of the decision-making process in procurement at Headquarters;

22. Notes that the local committees on contracts have the authority to consider cases ranging from 50,000 dollars to 200,000 dollars, while the Headquarters Committee on Contracts will consider cases in amounts above 200,000 dollars;

23. Takes note of the information supplied in paragraphs 93 and 94 of the report of the Board of Auditors,[13] indicating that 48 per cent of suppliers were from one Member State;

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[13] Official Records of the General Assembly, Fifty-first Session, Supplement No. 5 (A/51/5), vol. I, chap. II.

24. Invites Member States to encourage their national suppliers to be registered in the supplier roster;

25. Requests the Secretary-General to expedite the steps being taken to establish a supplier roster on as wide a geographical basis as possible and to submit a report thereon, including a revised list of suppliers, through the Advisory Committee on Administrative and Budgetary Questions to the General Assembly at its fifty-second session;

26. Emphasizes that concerted efforts should be made to identify potential vendors in the developing countries and countries with economies in transition and to increase the representation from those countries in the bidding for and award of contracts, so as to develop a supplier base that is more representative of the membership of the Organization;

27. Takes note of paragraph 13 of the report of the Advisory Committee on Administrative and Budgetary Questions,[11] and decides to revert to this question during its consideration of the proposed programme budget for the biennium 1998-1999;

28. Requests the Secretary-General to take immediate action to ensure compliance with the established procedures for procurement, based on international competitive bidding and the widest possible geographical base of procurement;

29. Appreciates the efforts being made to address the problem of ex post facto cases, in particular for those offices away from Headquarters, and requests the Secretary-General to ensure that the approval of contracts on an ex post facto basis is kept to the minimum, with full justification for each such case;

30. Requests the Secretary-General to review the possibility of consolidating the procurement functions at United Nations Headquarters and to report thereon to the General Assembly as soon as possible and no later than September 1997;

31. Also requests the Secretary-General to develop an intensified training programme for all procurement personnel of the United Nations Secretariat and all its offices, including field offices of peacekeeping operations, to develop the capacity to dispatch in a timely manner qualified and trained procurement personnel to new or expanded missions and to report to the General Assembly at its fifty-second session on measures taken to enhance the training programme;

32. Further requests the Secretary-General to establish annual consolidated procurement plans as a part of procurement reform;

33. Requests the Secretary-General to complete the preparation of a new Procurement Manual as soon as possible and to provide the necessary training for procurement personnel;

34. Requests the Board of Auditors to monitor and report on the completion of the new Procurement Manual in its next report and to monitor closely the

implementation of its recommendation that the Procurement and Transportation Division should establish detailed guidelines on methods of invitation to bid covering all aspects of procurement, including open tendering;

35. Also requests the Board of Auditors to report in the next audit report on peacekeeping operations, in January 1998, on the status of the implementation by the Secretary-General of its recommendations concerning the administration of letters of assist;

36. Welcomes the reports of the Office of Internal Oversight Services,[14] notes that the Secretary-General concurs with the recommendations of the Office, and requests the Secretary-General to ensure their full implementation;

37. Notes with concern the observations of the Office of Internal Oversight Services in paragraphs 37 to 42 of its report,[5] and requests the Secretary-General to report on the precise action taken in this regard to the General Assembly at its fifty-second session;

38. Endorses the recommendations contained in the report of the Office of Internal Oversight Services on Headquarters catering operations,[7] and requests the Secretary-General to take action to achieve consistency in policy and practice with regard to catering operations at United Nations Headquarters and Geneva.

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11. The Fifth Committee also recommends to the General Assembly the adoption of the following draft decisions:

DRAFT DECISION I

Reports of the Office of Internal Oversight Services

A

Electronic mail at the United Nations Secretariat

The General Assembly takes note of the report of the Office of Internal Oversight Services on the management audit of electronic mail at the United Nations Secretariat[15] and of the comments of the Secretary-General thereon.

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[14] A/51/432, annex, sect. II.C; A/50/945, annex; A/50/1004; and A/51/802, annex.

[15] A/50/1005.

B

United Nations global cargo and motor vehicle insurance programmes

The General Assembly:

(a) Takes note, with concern, of the report of the Office of Internal Oversight Services on the management audit of United Nations global cargo and motor vehicle insurance programmes;[16]

(b) Requests the Secretary-General to entrust the Office of Internal Oversight Services with the conduct of a further similar audit, which will cover all United Nations insurance programmes, including the question of insurance contracts based on international bidding;

(c) Also requests the Secretary-General, in his capacity as Chairman of the Administrative Committee on Coordination, to consider the question of insurance policies with a view to exploring the possibilities of having common system-wide practices and procedures, including common insurance programmes;

(d) Further requests the Secretary-General to address the opinion of the Joint Inspection Unit contained in paragraph 73 of its report[17] in the context of the report requested in paragraph (e) below;

(e) Requests the Secretary-General to report on the status of the implementation of the present decision to the General Assembly at its fifty-second session.

C

United Nations access control system

The General Assembly:

(a) Expresses its deep concern about the findings contained in the report of the Office of Internal Oversight Services[18] with respect to the non-implementation of the United Nations access control system, which led to a financial loss of 1.5 million United States dollars;

(b) Endorses the recommendations contained in paragraph 10 of the report;

(c) Requests the Secretary-General to continue his efforts to recover the financial loss in accordance with the relevant financial regulations and rules of the United Nations.

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[16] A/51/302.

[17] A/51/530 and Corr.1.

[18] A/51/467.

D

Seminars of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

The General Assembly takes note of the report of the Office of Internal Oversight Services on the investigation into the seminars of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples,[19] and notes that the Special Committee has considered that report.

E

Outsourcing practices at the United Nations

The General Assembly decides to revert, at its fifty-second session, to the consideration of the report of the Office of Internal Oversight Services on the review of outsourcing practices at the United Nations[20] in the light of the forthcoming report of the Joint Inspection Unit on outsourcing in the United Nations system.

F

Review of the United Nations Environment Programme and the administrative practices of its secretariat, including the United Nations Office at Nairobi

The General Assembly takes note of the report of the Office of Internal Oversight Services on the review of the United Nations Environment Programme and the administrative practices of its secretariat, including the United Nations Office at Nairobi,[21] and notes that the report will be considered by the Committee for Programme and Coordination at its thirty-seventh session.

G

Review of the programme and administrative practices of the United Nations Centre for Human Settlements (Habitat)

The General Assembly:

(a) Takes note of the report of the Office of Internal Oversight Services on the review of the programme and administrative practices of the United

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[19] A/51/486.

[20] A/51/804.

[21] A/51/810.

Nations Centre for Human Settlements (Habitat),[22] of the statement made by the Executive Director of the Centre in the Fifth Committee[23] and of the resolution on the revitalization of the Centre adopted by the Commission on Human Settlements at its sixteenth session;[24]

(b) Also takes note of the assurances of the Executive Director that the Centre has begun implementation of all the recommendations contained in the report of the Office of Internal Oversight Services, and encourages the Centre to implement fully the recommendations, as approved by the Commission on Human Settlements.

H

United Nations Postal Administration

The General Assembly takes note of the report of the Office of Internal Oversight Services on the audit of the United Nations Postal Administration,[25] and requests the Secretary-General to ensure prompt implementation of the recommendations contained therein.

DRAFT DECISION II

Management in the United Nations

The General Assembly takes note of the following documents:

(a) Report of the Joint Inspection Unit entitled "Accountability, management improvement and oversight in the United Nations system"[26] and the comments of the Administrative Committee on Coordination thereon;[27]

(b) Report of the Joint Inspection Unit entitled "Management in the United Nations: work in progress"[28] and the comments of the Secretary-General thereon;[29]

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[22] A/51/884.

[23] See A/C.5/51/SR.60.

[24] HS/C/16/L.32.

[25] A/51/897.

[26] A/50/503 and Add.1.

[27] A/51/522.

[28] A/50/507.

[29] A/50/507/Add.1.

(c) Report of the Joint Inspection Unit entitled "Common services at United Nations Headquarters"[30] and the comments of the Secretary-General thereon;[31]

(d) Report of the Joint Inspection Unit entitled "United Nations system common premises and services in the field"[32] and the comments of the Administrative Committee on Coordination thereon.[33]

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[30] A/51/686.

[31] A/51/686/Add.1.

[32] A/49/629.

[33] A/51/124-E/1996/44.